This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS TEGUCIGALPA 003492

SIPDIS

SENSITIVE

GUATEMALA FOR COMMATT:DTHOMPSON

E.O. 12958: N/A
TAGS: EPET ENRG HO VE
SUBJECT: HONDURAS' PETROLEUM MARKET STABLE FOR NOW, DESPITE EVENTS IN VENEZUELA

¶1. (SBU) Econoff approached Texaco Caribbean General Manager Richard Ritter (please protect) on December 30 to discuss the effect of the oil strike in Venezuela on Honduras' petroleum and energy needs. Honduras, which is party to an agreement signed between Venezuela and other countries in the region to purchase oil at a preferential basis, imports approximately 50 percent of its fuel needs from Venezuela. Texaco, which through a fuel port facility at Puerto Cortes, is responsible for bringing in 65 to 70 percent of all the petroleum products imported into Honduras.

¶2. (SBU) Ritter confided that December has been a terrible month for Texaco's operation in Honduras and that the oil strike in Venezuela has caused Texaco since November to reroute at least five vessels destined for Venezuela to the Gulf of Mexico to buy crude oil on the spot market. So far, Texaco has not passed the increased costs to Honduran consumers. There have been recent price increases at the gasoline pumps related to the rising cost of oil on world markets, but Texaco's actions are absorbing some of the costs. Electricity prices, which are based on a formula using oil prices from two months earlier, are actually expected to fall in January.

¶3. (SBU) Ritter affirmed Texaco's commitment to meeting all of Honduras' fuel and energy needs and will continue to absorb the extra costs through the month of January. Ritter warned though, that he does not know if Texaco will be able to continue the practice after January if the situation in Venezuela worsens and/or events in Iraq lead to further spikes in world oil prices.

Palmer